

The Challenge...For Now

- Budget Neutrality...How can the combination of Oncology Drug payment and CTx Admin reimbursement be resolved and still maintain equity among all medical specialties ?
- Can reform in these areas provide funding for?
 - Oral CTx
 - Self Admin Injectables



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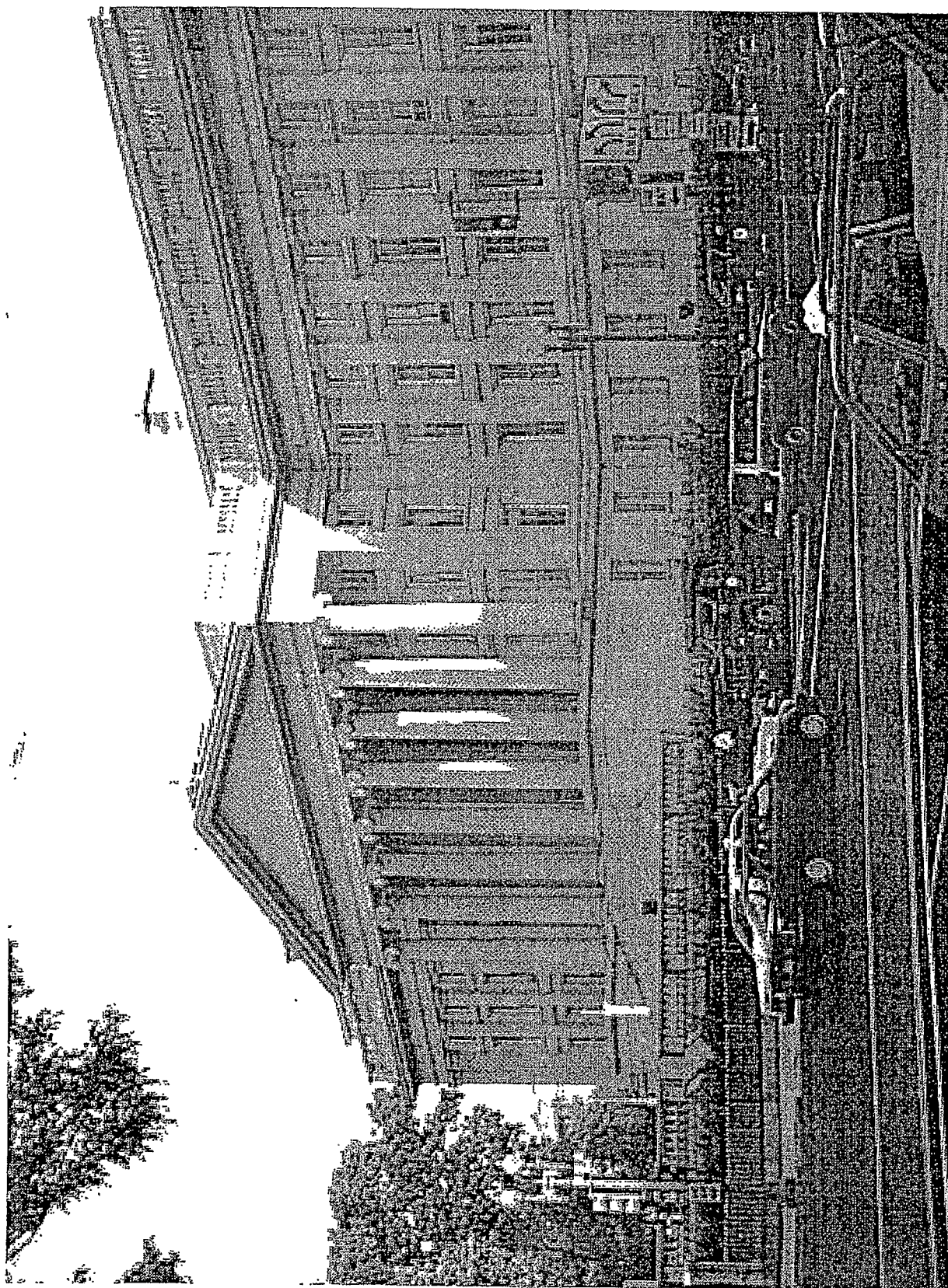
Drug Payment + CTx Admin
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Reimbursement Fairness

- The Robin Hood mentality will no longer work



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Current Issue

CF

- CF continues to be high priority for 2002, additional decreases projected '03-'04
 - House Republican Medicare Rx Drug package includes provision for CF reform, increase of 2% in 2003
 - Senate has yet to address the issue, Sen. Tom Daschle is conservative on this.



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Analysis – CF Issue

Legislative	CMS
<ul style="list-style-type: none"> • HR-4954 • Attempts to correct CF issue by changing formula • Yields a projected increase in CF by 2% for '03-'05 • Tweaks PE formula • Yields projected increase of 3% for CTx Admin services • Projects overall increase in Physician payments to be \$11B over 10 years • Projects overall increase in Hospital payments to be \$14B over 10 years • Senate says, "No way, no chance...too expensive" 	<ul style="list-style-type: none"> • Original projected decrease in CF for 2003 at 5.6% • 2003 Proposed Fee Schedule now has decrease at 4.4% • Similar decreases expected in '03 & '04 • CMS proposals will go in effect unless Legislature agrees to changes • ASCO commissioned Gallop Survey of practice expense associated with CTx Admin. Target 1000 surveys. Over 500 received to date



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Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
CMS 2003, proposed Physicians Fee Schedule. Reduces reimbursement by 4.4% rather than the projected 5.7% reductions, effect on OBO may be as little as a 3% reduction	<ol style="list-style-type: none"> 1. Not as detrimental as projected 2. May still reduce OBO CTx Admin 3. May be leverage point on AWP fix 	<ol style="list-style-type: none"> 1. House and Senate at a stalemate 	End of this congressional session, as soon as Oct 18 th .



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Current Issue

Drugs

- Two inactive legislative informal proposals
 - House Ways & Means: Negotiated Pricing Model
 - House Energy & Commerce: ASP Model
- Stark HR-5167; AAP proposal, July 18th
- CMS renews vow to work on solution in 2003



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Analysis – Drug Proposals

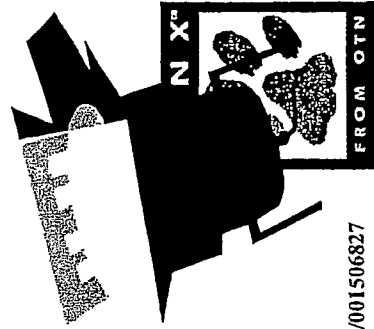
Legislative	CMS
<ul style="list-style-type: none"> • Ways & Means “Competitive Bid” proposal not included in HR-4954 • Energy & Commerce “ASP” proposal not included in HR-4954 • Joint “Hybrid” proposal may be introduced by Billy Tauzin (R-LA) in September: ASP + 8% with 5 year phase into a “Competitive Bid” model. • Stark proposal, July 18th: AAP + 5%, Pharma required to report AAP, Correct underpayment for Admin services • Oral CTx, still being considered as a separate proposal • Senate, still quiet on this issue, no proposals released to date 	<ul style="list-style-type: none"> • Renews pledge to resolve during 2003 with January 1, 2004 effective date • Professional Societies working with CMS to influence methodology • CMS considering selecting one carrier out of the 23 to develop a drug reimbursement plan



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Let's look



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Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
HR 4954, Medicare Modernization & Prescription Drug Act, 2002. Provides for Rx coverage for Medicare patients, and Physician Payment Reform including the CF	<ol style="list-style-type: none"> 1. No provision, reimbursement for Oral CTx Drugs 2. May provide OBO relief on CF issue 3. May positively refine OBO payments for CTx Admin 	<ol style="list-style-type: none"> 1. May re-appear 2. Dialog with CMS 3. Access to Care 	End of legislative session, could be Oct 18 th .



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Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
Senate: Baucus/Grassley Bill Medicare Rx Drug Coverage. Focused only on this issue, no Physician Payment Reform component. Release expected late July-early August	1. No provision, reimbursement for Oral CTx Drugs	Senate Majority Leader Tom Daschle trying to move the issues	TBD

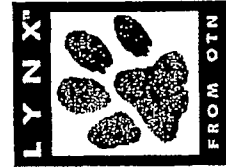


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Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
House Ways & Means, AWP Reform Competitive Bidding Model did not survive joint committee final bill HR 4954, Bill Thomas, Sponsor now a Hybrid bill with House E & C	<ol style="list-style-type: none"> 1. Unfavorable to OBO Drug reimbursement 2. May resurface in a separate bill, although unlikely 	<ol style="list-style-type: none"> 1. House Ways & Means Com Hearing, not supportive of this model 	TBD



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Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
House Energy & Commerce AWP Reform ASP Model did not survive joint committee final bill HR 4954. Billy Tauzin (R-LA) expected to introduce a "Hybrid Bill" perhaps in Sept. Prelim has ASP + 8% with phase into Bidding Model over 5 yrs.	<ol style="list-style-type: none"> 1. More favorable to OBO Drug reimbursement 2. Expected resistance in Senate 	<ol style="list-style-type: none"> 1. Need to work out plan with House Way & Means Com. Hybrid bill seems to have support from both committees 	TBD



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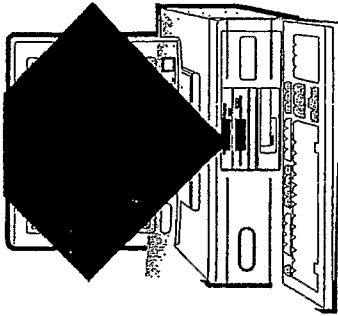
Proposal Specifics

Proposal	Potential Effects	Legislative Direction	Target Date
Stark Proposal, July 18, 2002. AAP + 5% Pharma required to report AAP to CMS. Includes rebates and free drug. Minimal Provision to correct underpayment of Admin Services	<ol style="list-style-type: none"> 1. Less favorable to OBO than House E&C Hybrid model 2. Will move OP CTx to hospitals 3. May cause access to care issues 	<ol style="list-style-type: none"> 1. No support from colleagues. Need to hammer out a joint plan with Energy & Commerce Com. 	TBD



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Do the math...

ASP/AAP + 5% to 8%

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AWP - 18% to 20%



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Medicare Prescription Drugs

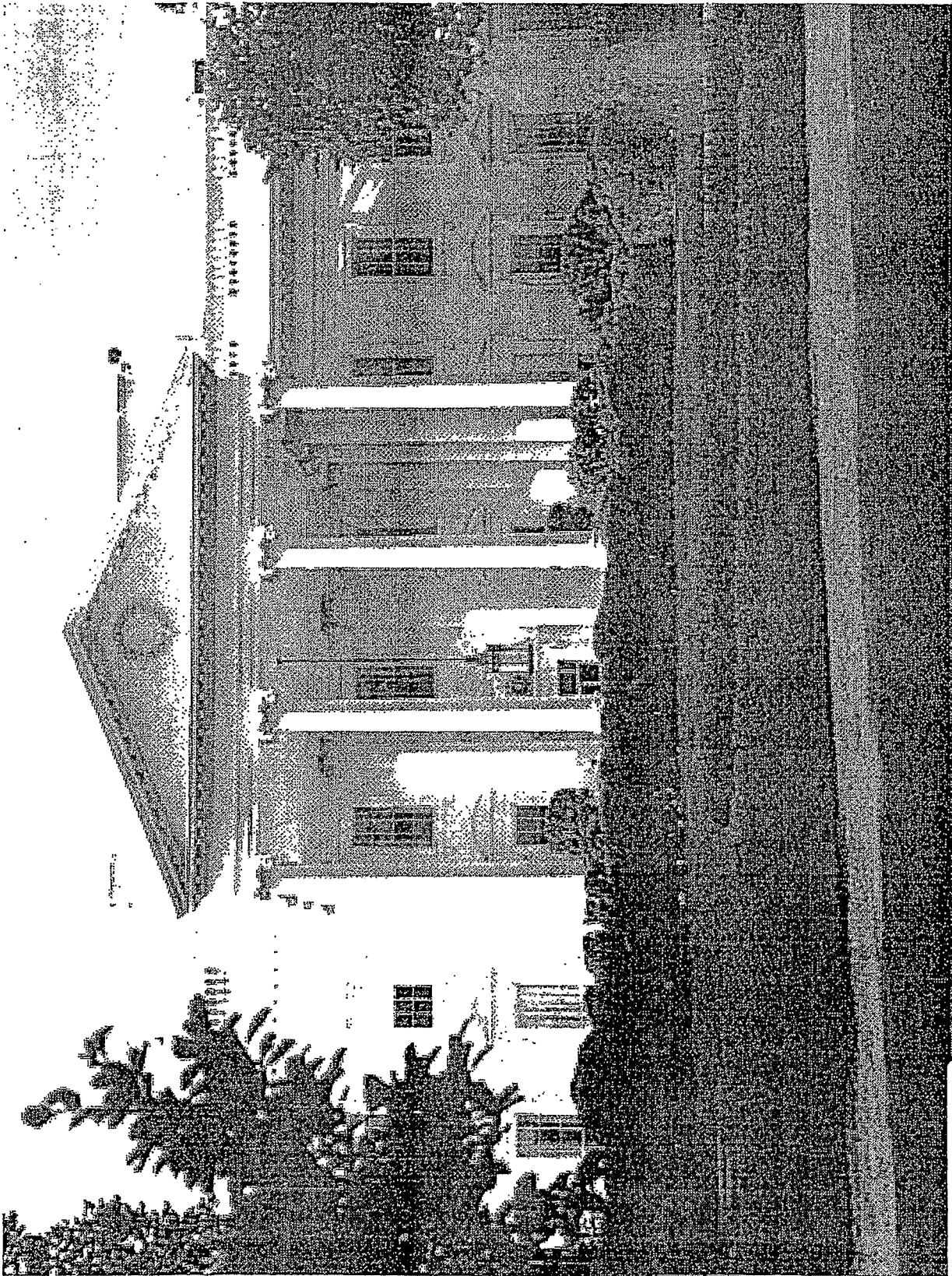
Status, October 3rd

- House proposal, HR-4954
- Senate proposal, going nowhere
- Administration's proposal
 - Informal, favors HR-4954
- Ways & Means Com Hearing, Oct 3rd



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House Ways & Means Health Subcommittee Hearing

October 3, 2001

- Chair, Nancy Johnson, (R-CT)
- Ranking Member, Pete Stark, (D-CA)
- Testimony from:
 - Tom Scully, Administrator CMS
 - George Reeb/Robert Vito, OIG
 - Paul Bunn, MD, President ASCO
 - John Jones, VP Prescription Solutions (PBM)
 - Michael O’Grady, Project Hope
 - Kim Glaun, Patient Advocate



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Conclusions

- ✓ AWP debate is heating up on Capitol Hill.
- ✓ ASP Model favored by House, and Oncology Provider Community.
- ✓ Competitive Bidding Model favored by PBM's & Managed Care.
- ✓ Hybrid Model seems best with ASP Model as short-term phasing into Competitive Bid Model as long-term.
- ✓ Still lack consensus from House, Senate and Administration.



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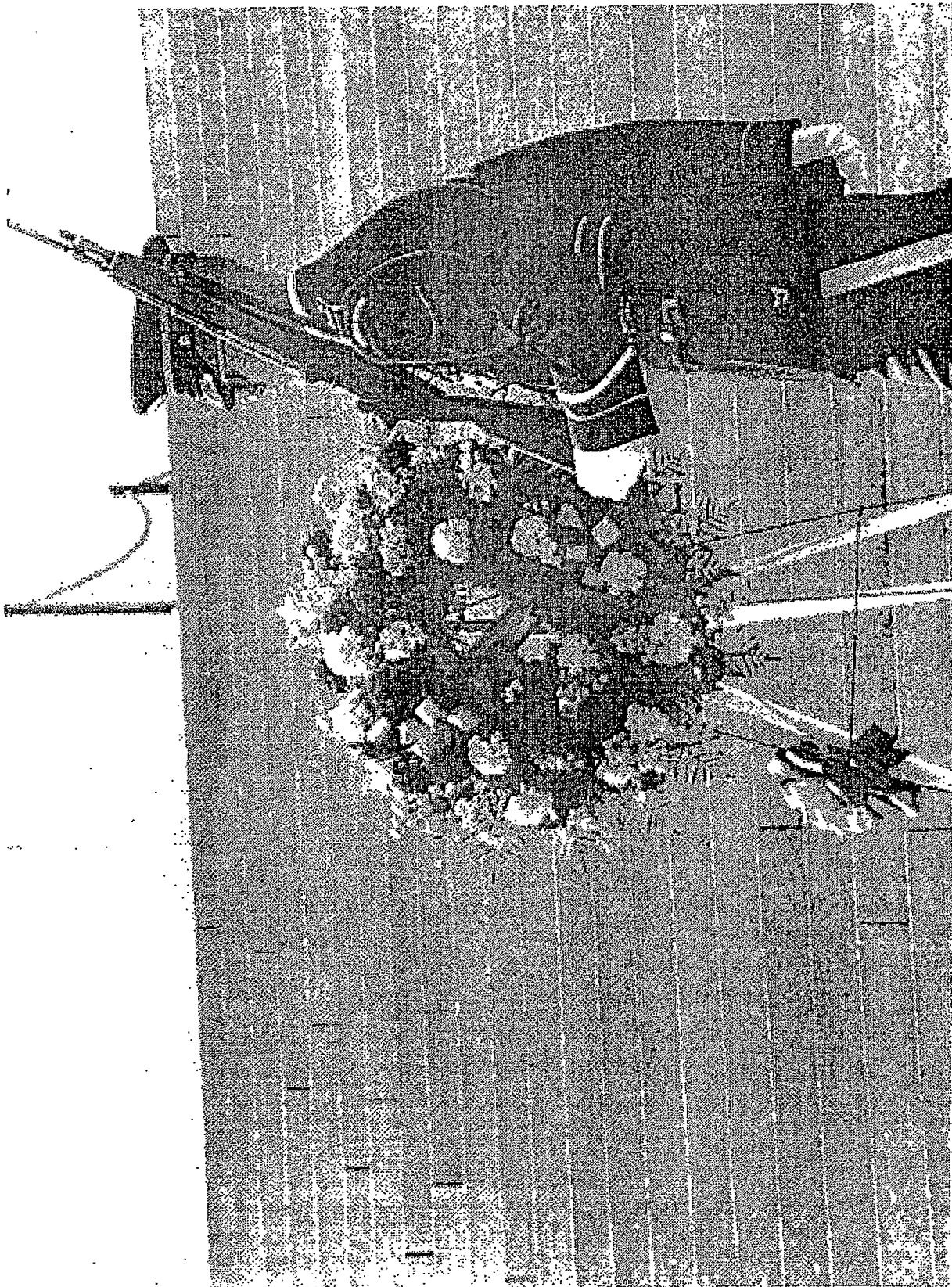
Conclusions

- ✓ CMS solution fraught with high potential of legal challenges.
- ✓ Committee Leadership committed to fixing both drug and infusion service components.
- ✓ All participants concerned about patient's access to care
- ✓ ASCO succeeded in getting the Gallup Practice Expense Survey admitted and recognized.
- ✓ Few details of any plan are available. Timeline remains unchanged.



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Current Issue Self Injectable Drugs

- CMS issues “Clarification” of Medicare coverage on Self-Injectable Drugs



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Current Issue

CMS Transmittal AB-02-072

Coverage for drugs not usually self-administered by the patient


- Issued by CMS on May 15, 2002
- Attempts to clarify Medicare coverage for drugs that qualify as “self administered”
 - Sets greater than 50% guideline
 - Sets route of injection guideline
 - Sets frequency guideline
 - Defines “by the patient”
 - Eliminates “limited coverage” for training Patient
 - Allows for “individual carrier discretion”
 - Effective August 1, 2002



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Analysis – Self Admin Drugs

CMS AB-02-072	Oncology Community
<p>Issued by CMS on May 15, 2002</p> <p>Attempts to clarify Medicare coverage for drugs that qualify as “self administered”</p> <p>Sets greater than 50% guideline</p> <p>Sets route of injection guideline</p> <p>Sets frequency guideline</p> <p>Defines “by the patient”</p> <p>Eliminates “limited coverage” for training Patient</p> <p>Allows for “individual carrier discretion”</p> <p>Effective August 1, 2002</p>	<p>Presenting “United Front”</p> <p>CLC (4 societies) sent letter to CMS asking CMS to withdraw and consider amendments</p> <p>Violates Congressional intent</p> <p>Eliminate distinctions between IM and SubQ injections</p> <p>Provide equal access to care for all Medicare beneficiaries</p> <p>Pharma launching their own effort</p>
	

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What is your Carrier doing?

- Is your Carrier following the enhanced CMS guidelines?
- Is your Carrier using “Carrier Discretion” and adopting modified guidelines
- Is there no change yet?



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